

**OFFICE OF THE CLERK/TREASURER****City of Burlington**

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BOARD OF FINANCE**MONDAY, MARCH 11, 2013****CONFERENCE ROOM 12, CITY HALL****5:00 PM**

PRESENT: Mayor Weinberger; City Council President Shannon; Councilors Bushor, Paul, and Decelles; Interim CAO Sisson

ALSO PRESENT: ACAO Goodwin; ACAO Schrader; City Attorney Blackwood; Sara Katz, BCA; Susan Leonard, HR; Lise Veronneau, Police; Ryan Betcher, Gene Richards, Airport; Darlene Kehoe, Kirsten Merrimen-Shapiro, CEDO; Stephen Barraclough, BT; Ron Redmond, Marketplace; Steve Goodkind, DPW; Paul Plunkett, Hickok and Boardman

1. Agenda

Councilor Bushor requested action on the February 19 minutes be delayed.

The agenda was adopted unanimously as amended.

2. Public Forum

No one came forward to speak on this item.

3. Approval of the Board of Finance Minutes

- a. January 7, 2013**
- b. January 22, 2013**
- c. January 28, 2013**
- d. February 11, 2013**

Councilor Bushor inquired about a portion of the February 11 minutes regarding seasonal budget adjustments. Interim CAO Sisson stated the minutes accurately state that there are not seasonal budget adjustments.

On a motion by City Council President Shannon and Councilor Decelles, the minutes were approved unanimously as presented.

- e. February 19, 2013**

Action on this item was postponed.

4. Extension of Grant Anticipation Note - Airport

The Board addressed an item that would allow the Airport to extend the maturity date of a \$3,000,000 Grant Anticipation Note.

On a motion by City Council President Shannon and Councilor Paul, the extension was approved unanimously.

5. Authorization for Agreement with Hudson News – Airport

City Council President Shannon and Councilor Paul made a motion to authorize the agreement.

City Council President Shannon thanked the Airport Staff for their work on this item. She had requested they consider local store options, but understands that there are some advantages to using Hudson News. They seemed motivated to meet the Airport's needs of carrying local products.

Councilor Bushor requested that they note that the resolution has been revised. Interim CAO Sisson stated the changes were minor wording changes.

Gene Richards, Airport, stated the outcome was a 200% increase in Vermont product sales and a change in the way the store turned out. They are making a \$900,000 infrastructure investment at the Airport. He noted that the first of the Skinny Pancake food locations (North concourse) is open and it has been a wonderful addition to the Airport.

Councilor Paul inquired what other projects will be done to the North Concourse. Mr. Richards stated they will redo the bathrooms and will return with a proposal.

The motion passed unanimously.

6. Authorization for Land Transfer to WVPD - Airport

City Council President Shannon and Councilor Paul made a motion to approve the land transfer.

Councilor Bushor requested that the language in the resolution to make it more clear that land is being transferred. City Attorney Blackwood noted where this language is included. Councilor Bushor stated it could be added to the resolved clause. City Attorney Blackwood stated she will add that language.

The motion passed unanimously.

7. Budget Amendment Request – BCA

The Board addressed an item to adjust Burlington City Art's budget to account for an increase in revenue from Art Sales, an increase in Artist Consignment expenses, and a loss of grant revenue.

City Council President Shannon and Councilor Decelles made a motion to approve the budget

amendment. The motion passed unanimously.

8. Consulting Agreement with Gary Evans – BT

City Council President Shannon inquired if the request is to extend Gary Evans' contract retroactively through January 1. Stephen Barraclough, BT, stated it is.

City Council President Shannon and Councilor Paul made a motion to approve the contract.

Councilor Bushor stated when they last acted on this, there were some provisions that the City Attorney had wanted to include. She inquired if those were reflected in this agreement. City Attorney Blackwood stated they drafted the agreement and she is satisfied with it.

The motion passed unanimously.

9. TelJet Bandwidth Provision Agreement – BT

Stephen Barraclough, BT, stated he had previously presented a proposal that brought costs down significantly. This new agreement will bring costs from this existing vendor down to current competitive costs for bandwidth. They will have two one-year agreements that run month-to-month. They will be paying the same cost for 3 gigabytes of capacity that they paid for 2 gigabytes previously.

City Attorney Blackwood stated the price should have remained confidential for competitive reasons. Mr. Barraclough stated that he would prefer it were not public.

City Council President Shannon and Councilor Paul made a motion to approve the agreement. The motion passed unanimously.

10. Authorization to Accept Grant from Vermont Council of Arts - Library

The Board addressed an item to allow the Library to accept a \$16,500 grant for A/V equipment.

City Council President Shannon and Councilor Decelles made a motion to authorize acceptance of the grant.

Interim CAO Sisson stated that this does not meet the \$50,000 threshold to require Board of Finance approval, but because of its unique nature of the timing of this transaction, he felt the Board should be informed.

The motion passed unanimously.

11. Authorization for Step Placement for Re-Hired Officer – Police

City Council President Shannon and Councilor Paul made a motion to authorize the step placement.

Councilor Paul inquired if this is a step placement increase. Lise Veronneau, Police, stated it is not an increase. The Officer has been gone for nine months. Councilor Paul stated she has requested that when they vote on things that involved step increases they receive information about how many they have approved. This may not apply in this situation. Interim CAO Sisson stated it is a budgeted position. Susan Leonard, HR, stated in the contract there is a provision that is different from what is in the policy manual. The contract only allows placement up to step 5. This request is to make an exception to the contract. Ms. Veronneau stated this determines the Chief's ability at the bargaining table to rehire more qualified people at the place where they left. This is an exceptional Officer. Councilor Bushor stated it makes sense to place a person at the same level if they leave and return within a certain period of time. It actually saves the City money in training costs. She hopes that the unions will consider this.

Councilor Decelles inquired if the officer will walk back in to their vacation and seniority. Ms. Veronneau stated they do retain their vacation but not their seniority. The union will not allow them to keep their seniority level.

The motion passed unanimously.

12. Authorization to Accept Donation from Queen City Police Foundation – Police

The Board addressed an item to allow the Police Department to accept a \$5,400 donation from the Queen City Police Foundation.

City Council President Shannon and Councilor Bushor made a motion to authorize acceptance of the donation. The motion passed unanimously.

13. Request for Budget Amendment – CEDO

The Board addressed an item to allow for CEDO to increase expenditures in the Lead Program. The funds will be reimbursed by a federal grant. It also addressed the planned use of existing Housing Trust Fund funds.

City Council President Shannon and Councilor Bushor made a motion to approve the budget amendments. The motion passed unanimously.

14. Authorization for Wright and Morrissey Contract – DPW

City Council President Shannon and Bushor made a motion to authorize the contract.

Councilor Bushor stated this contract is to remove the fountain. There was a previous discussion about replacing the fountain with something on the upper block. She inquired if they have plans for that space yet. Ron Redmond, Marketplace, stated they have had a number of discussions and want to install an attraction that can be used year round. They will need to privately raise the money.

Councilor Decelles inquired when the work will begin. Steve Goodkind, Public Works, stated they expect it will start in approximately one month. Concern was expressed that the project be completed by Memorial Day. Mr. Goodkind stated that the work should not be difficult and should be completed by then.

The motion passed unanimously.

15. Authorization for Contract with Hickok and Boardman – C/T

City Council President Shannon and Councilor Bushor made a motion to approve the contract.

ACAO Schrader stated this does not need to go to the City Council unless they wish it to. City Council President Shannon stated City Council will approve the resolution. Councilor Bushor requested language about City Council approval be included in the resolution. The Board voted to amend the resolution accordingly.

The motion passed unanimously.

16. Proposed Delegation of Budget Adjustment Authority – C/T

City Council President Shannon and Councilor Bushor made a motion to approve the delegation of budget adjustment authority and recommend City Council approval. Councilor Bushor noted that her second is for the purpose of discussion.

Councilor Bushor stated that this is on both the Board of Finance and City Council agendas, which does not usually happen unless there is some urgency. They talked previously about the grant process, but this went beyond grants, which surprised her. This is broad and the Charter delegates how the budget gets amended. It also references a quarterly reconciliation. The Board of Finance needs more frequent updates than quarterly. She inquired what the Board and Administration think about expanding this beyond the grant process. Interim CAO Sisson stated that in conjunction with the New World Implementation and new chart of accounts, along with past budgeting processes, they have found a lot of mistakes within the budget. They are seeing that people are running out of funding in certain categories and are looking to shift money from one expense account to another. If they do not have authority to make those kinds of changes in small amounts, it makes budget adjustments very difficult because they would have to wait for the next Board of Finance meeting. The New World System will not allow for a bill to be paid if it is over budget in that line item. There are vendors waiting several months for payment because of these issues, and there is a need to turn bills around more quickly. There is a solution that is budget neutral. Councilor Bushor stated there used to be a line item for certain expenses and there was an ability to spend that line item. They need to be aware of money being moved from one expense account to another because it indicates they did not build the budget correctly. Mayor Weinberger stated there was no way to track that in the past. City Hall now has an awareness of these types of adjustments. In the past, they were reconciled only after the end of the year. The New World system allows for constant monitoring of budgets. ACAO Schrader stated in the past, departments made changes to line items without any accountability. The Clerk/Treasurer's Office would then put forth a large budget adjustment resolution to modify all

of the negative balances. That system did not have proper controls over budget adjustments. With the New World system, there can be no negative balances (i.e. overspending) unless it is overridden by the Clerk Treasurer's office, which is only done in an emergency to pay a vendor invoice. This delegation will result in a quicker turnaround with the ability to modify the budget for minor items that arise during periods between City Council meetings. There is no overall impact on the budget from this delegation as all such adjustments must be budget neutral. The implementation of this new policy will allow departments to operate more efficiently and pay all invoices when due. Because of the new chart of accounts, the Clerk Treasurer's office has been doing hundreds of small adjustments per month to correct errors in classification resulting from the New World conversion.

Lise Veronneau, Police, stated they are doing a lot of adjusting right now because the City is still building this budget under the new account structure, and realizing that some things need to be shifted.

City Council President Shannon inquired if it would be too cumbersome to have a summary done monthly. Interim CAO Sisson stated they will make that change. The Board amended the resolution accordingly.

Councilor Decelles inquired how this change will result in vendors being paid more quickly. Interim CAO Sisson stated there was a situation where the Parks Department was unable to pay their electricity bill and got a disconnect warning from BED. If they were not paid, the electricity could have been disconnected. This could cause an embarrassing situation if they have to wait for City Council approval to make minor adjustments. They are trying to avoid those situations. Councilor Decelles inquired how long it will take for this problem to rectify itself. Interim CAO Sisson stated it will be a problem for the remainder of this year and should improve in the next few fiscal years. Councilor Decelles suggested they give this authority until the end of the fiscal year and revisit it next year. The resolution was amended accordingly such that it's applicability ends on June 30, 2013.

Councilor Paul stated it makes sense to delegate this authority to the CAO and the Mayor since the CAO is the person who addresses these budgetary issues on a daily basis. Interim CAO Sisson stated it adds a review piece to the adjustment. City Attorney Blackwood stated it adds a second check on it so it is not solely the CAO. Councilor Paul stated anything between \$10,000 and \$25,000 would be approved by the Mayor and anything below the \$10,000 will be done by the CAO.

Councilor Decelles inquired if there should be a threshold that requires Council approval. City Attorney Blackwood stated that exists with anything over \$25,000. Currently, even \$1 is supposed to go to Board of Finance and City Council.

Mayor Weinberger acknowledged this is delegating more authority to the Administration, and he supports it. A CAO Schrader stated without this, the Council would see voluminous budget modification requests at each meeting.

Councilor Bushor stated this should be explained to the full Council and outlined during the

budget process. Interim CAO Sisson stated departments will never have their own budget adjustment authority. They will communicate what the changes are. All adjustments are within the department and budget neutral.

The motion passed unanimously.

17. Approval of Underwriters for Fiscal Stability Bond – C/T

City Council President Shannon and Councilor Bushor made a motion to approve the underwriter.

Councilor Paul asked if the Clerk Treasurer's office had considered placing this debt with a local bank to save on underwriting costs. Interim CAO Sisson stated they have discussed it with PFM and provided Councilor Paul with an email communication which summarized the advantages of a public offering. Councilor Decelles inquired what kind of debt instrument she had in mind, and a summary of the advantages of and of savings she is expecting. Councilor Paul stated she does not know offhand, but in the past it has been done with smaller issuances. They have been done locally. Perhaps that option is not as available now as it was two or three years ago. \$9 million is a small amount in the world of financing. This is why they often try to group borrowing together.

Councilor Bushor stated they will pay \$6 million in interest on the \$15 million, but does not know if that is reasonable.

City Council President Shannon inquired if there will be an opportunity to refinance this at a time when the City's credit improves. ACAO Goodwin stated that is one of the advantages of an underwritten public offering.

Councilor Paul requested they look into placing this debt with a local bank, and know without a doubt this is the way to go. Interim CAO Sisson stated it is his belief that the underwritten public issuance the best way to go, as it should result in the lowest carrying costs. ACAO Goodwin stated he agrees and they have done their homework.

The motion passed unanimously.

18. Status of Audit Reports (Verbal)

This item was not addressed at this meeting.

19. FY13 Budget Status (Verbal)

This item was not addressed at this meeting.

20. FY14 Budget Schedule (Verbal)

This item was not addressed at this meeting.

City Council President Shannon and Councilor Bushor made a motion to adjourn. The motion passed unanimously and the meeting was adjourned at 6:09 pm.